

Message Text

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15 S

ACTION EUR-12

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 EB-07 COME-00

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 4250

C O N F I D E N T I A L BUDAPEST 3063

E.O. 11652: GDS

TAGS: EFIN, HU

SUBJ: WORLD WAR I DEBT AND THE JOHNSON ACT

REF A: STATE 99936

B: BUDAPEST 1496

C: BUDAPEST 1917

D: BUDAPEST 2712

E: STATE 160877

F: STATE 217916

G: BUDAPEST 2917 (PARA. 2)

1. SUBJECT OF WORLD WAR I DEBT, ARREARAGES ON SALES OF OVERSEAS SURPLUSES AND JOHNSON ACT DID NOT COME UP DURING SECRETARY INGERSOLL'S VISIT (REFTEL F).

2. GOH MINISTRY OF FINANCE OFFICIAL AKAR, HOWEVER, RAISED THESE MATTERS WITH ECON OFFICER SEPTEMBER 18. AFTER RECITING HISTORY OF CLAIMS NEGOTIATIONS AND PREVIOUS DISCUSSIONS RE WWI DEBT ISSUE, AKAR SAID HE COULD NOT, RPT NOT, UNDERSTAND WHY USG HAD NOT EVEN REPLIED TO HIS APRIL 1975 REQUESTS IN WASHINGTON FOR INFORMATION ON HOW GOH COULD SETTLE ITS WWI DEBT. HE ALSO ASKED WHY GOH HAD NOT RECEIVED FROM USG LETTER CONFIRMING THAT ONLY THIS DEBT HINDERED RESOLUTION OF JOHNSON ACT RESTRICTIONS.

3. ECON OFFICER ASKED IF AKAR HAD DISCUSSED ANY OTHER POSSIBLE CLAIMS IN WASHINGTON. AKAR REPLIED THAT GOH IS CONFIDENTIAL

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CURRENT ON ALL OTHER PAYMENTS.

4. ECONOFF ASSURED AKAR THAT ISSUE UNDER ACTIVE DISCUSSION WITHIN USG BUT THAT COMPLEXITY OF PROBLEM AND NECESSITY FOR INTER-AGENCY COORDINATION CAUSING LAG IN REPLY. AKAR SAID HE WAS WELL AWARE OF TREASURY ROLE.

5. COMMENT: OFFICIALS OF HUNGARIAN GOVERNMENT CONTINUE TO PROFESS IN WASHINGTON AND BUDAPEST THEIR GOVERNMENT'S WILLINGNESS TO SETTLE ITS DEBTS TO USG. AMERICAN OFFICIALS DO NOT RESPOND. AKAR IS VISIBLY IRKED AND UNDERSTANDABLY EMBARRASSED WITH HUNGARIAN OFFICIALDOM BY HIS FAILURE TO OBTAIN STATEMENT PROMISED BY WASHINGTON OFFICIALS (PARA 6, REFTEL A) RE APPLICABILITY TO HUNGARY OF JOHNSON ACT ONCE HUNGARIAN DEBT IS LIQUIDATED.

6. AS OF JUNE 30, 1975, GOH IN ARREARS \$247,663.80 ON 1946 OVERSEAS SURPLUS SALES DEBT (REFTEL E); BUT AKAR CLAIMS GOH IS CURRENT ON ITS PAYMENTS. IF AKAR IS DISSEMBLING, THIS EMBASSY WOULD BE PLEASED TO CALL HIS BLUFF. IF HE IS ILL INFORMED, IT WOULD SEEM DESIRABLE TO BEGIN TO CONDITION MR. AKAR NOW FOR WHAT IS CERTAIN TO BE A RUDE SHOCK.

7. ACTION REQUESTED: PLEASE INSTRUCT.
MCAULIFFE

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NNN

Message Attributes

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